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## Important New Tax Law

The state receives more than seven million paper tax returns a year that could have been electronically filed (e-filed). The cost to process an e-file return is much less than to process a paper return. It would significantly save processing costs for the state if these returns were e-filed. For this reason, the State Legislature passed a law commonly referred to as "Mandatory e-file."

### ***What is the Mandatory e-file law?***

The new law requires tax preparers who prepared more than 100 California individual income tax returns during the previous year to e-file all of their clients' current year returns. Tax preparers who don't comply may be charged a penalty.

### ***How does the Mandatory e-file law affect me?***

Your tax preparer may be required to e-file your return unless you choose not to e-file.

### ***Why should I e-file?***

Nearly four million taxpayers chose to e-file last year because:

- *It's fast...*you can get your refund in five to seven business days.
- *It's convenient...*you have the option to e-file now and pay later. To avoid penalties, please pay by April 15<sup>th</sup>.
- *It's more accurate...*the error rate for e-filed returns is *less than one* percent; paper returns have a *ten* percent error rate.
- *It's secure...*we use the latest technology to receive your return.
- *It provides peace of mind...*you receive proof that we received your return.

### ***What other benefits does e-file provide?***

When your return is e-filed,

Neither you nor your tax preparer have to:

- ✓ Use as much paper.
- ✓ Pay for postage.
- ✓ Run to the post office at midnight on April 15<sup>th</sup>.
- ✓ Worry if your return was received.

The state doesn't have to:

- ✓ Receive, open and sort the mail.
- ✓ Manually enter your return information into our system.
- ✓ Store the paper copy of your return.

### ***What if I choose not to e-file? Will my tax preparer be penalized?***

You can choose not to e-file and your tax preparer will *not* be penalized. We do ask that you sign our *e-file Opt-Out Record* (FTB 8454) for your tax preparer's records. Your preparer can get this form online at [www.ftb.ca.gov](http://www.ftb.ca.gov).